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SUBJECT: Canada: 2009-2010 International Narcotics Control Strategy Report, Part I

11. . (U) Summary

In 2009, Canada continued to implement its National Anti-Drug Strategy, involving three action plans to reduce the supply of and demand for illicit drugs as well as associated crime. Canada remains a country of concern due to the amount of MDMA (3, 4-methylenedioxymethamphetamine, commonly known as Ecstasy) and marijuana crossing into the U.S. from Canada. While Canada's passage of several additional regulations in recent years has reduced the large scale diversion of bulk precursor chemicals across the border, trafficking of marijuana and Ecstasy continues at high levels. In July, Canadian law enforcement authorities made one of the largest heroin seizures in Canadian history. Canada's demand reduction efforts include a national awareness campaign targeted at youth and their parents, with a strong message discouraging drug use. However, local and provincial authorities have embarked on a number of so-called "harm-reduction" programs, including a drug injection site and distribution of drug paraphernalia to chronic users. The federal government continues to deliver a sharp message against these local and provincial programs, which is in line with the International Narcotics Control Board's recommendation for the Government of Canada to eliminate drug injection sites and drug paraphernalia distribution programs, stating that they violated international drug control treaties. Canada and the U.S. cooperate in counternarcotics efforts through increased information sharing and joint operations. Canada is a member of the UN Commission on Narcotic Drugs and party to the 1988 UN Drug Convention.

12. (U) Status of Country

Like most developed countries, Canada's major narcotics problem is primarily drug consumption, but it is also a significant producer of methamphetamine and marijuana; it is also a major source country for Ecstasy to US markets as well as a transit or diversion point for precursor chemicals used to produce illicit synthetic drugs (notably Ecstasy). The marijuana industry's production and distribution are sophisticated and diverse, while Ecstasy production continues to grow.

13. (U) Country Actions against Drugs in 2009

1A. Policy Initiatives.

In August, Canada announced the Synthetic Drug Initiative (SDI), the first Canadian drug strategy to focus on a single class of drugs. Though still in the "strategic concept" phase, the Royal Canadian Mounted Police-led program's eventual goal is to eliminate illegal synthetic drug production and distribution in Canada, and reduce the overall influence of organized crime on drug trafficking in Canada. SDI targets the illicit synthetic drug industry on three fronts; enforcement, deterrence, and prevention. It also aims to inhibit the diversion of precursor chemicals from foreign and domestic sources.

The RCMP will pay for the SDI through National Anti-Drug Strategy funds and by re-allocating existing resources. The RCMP has not announced a budget for SDI, but says that funds will be allocated

to domestic and international programs, including modernizing the RCMP's chemical diversion program, hiring new personnel, and improving training and awareness initiatives.

In 2007, the Canadian government committed about \$95 million in funding over five years to support its National Anti-Drug Strategy's Enforcement Action plan, which provides for the hiring of additional police and prosecutors for counternarcotics teams involved in identifying and closing down grow operations and drug manufacturing sites, and enhancing the capabilities of the Canadian Border Services Agency (CBSA) to stop drugs at the border.

Introduced in 2007, the National Anti-Drug Strategy enhanced the "proceeds of crime" program, enabling the government to seize funds and assets acquired through the sale of illicit drugs. In addition, the government committed new funding of about \$29 million over five years to support a Prevention Action Plan, as well as approximately \$95 million in new funding over five years to support a Treatment Action Plan.

In June, the House of Commons passed new legislation (Bill C-15) on mandatory minimum penalties for serious drug offenders. As of November, the bill remains under consideration by the Senate. C-15 provides mandatory one and two-year minimum jail sentences for various offenses including production, trafficking, possession for the purposes of trafficking, importing and exporting, and possession for the purposes of exporting of illegal drugs. The bill also provides for additional, aggravated penalties when

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offenses are carried out for organized crime purposes or if they involve youth.

1B. Law Enforcement Efforts. In 2009, Canadian and U.S. law enforcement agencies' bilateral efforts resulted in significant interdictions of narcotics arriving in Canada and the U.S. by air, passenger vehicle, truck, small aircraft, and ship, as well as seizures from Canadian drug production operations. Seized drugs included marijuana, cocaine, heroin, methamphetamine, hashish, and Ecstasy.

On December 8, 2008, Canadian authorities received information that led to the seizure of 276 kilograms of cocaine from a container ship. The shipment arrived at the Port of St. John, New Brunswick from Guyana, destined for the Greater Toronto Area (GTA). The Canadian investigation led to the identification of another ship in the Caribbean carrying a similar container. On December 23, 2008, DEA, ICE, and CBP, with the assistance of the U.S. Virgin Island Police, seized in the Port of St. Croix 100 kilograms of cocaine concealed in a container that was destined for Canada.

On January 25, 2009, a multi-agency operation led to an outbound seizure of 24 kilograms of cocaine by CBP Officers at the Rouses Point Port of Entry in Rouses Point, NY. The cocaine was destined to be smuggled into Canada from the United States.

During February and March 2009, a coordinated effort by DEA, RCMP, and U.S. federal and local law enforcement agencies led to the arrest of nine individuals and the seizure of 750 pounds of marijuana, over 80 kilograms of cocaine, 240,000 tabs of Ecstasy, six weapons, and two helicopters. The targeted drug trafficking organization used the helicopters to cross into the U.S. with Canadian-sourced marijuana and Ecstasy in exchange for cocaine destined for Canada. This organization was also linked to numerous marijuana indoor grow operations and a clandestine laboratory, which British Columbia provincial authorities seized in June 2008, along with more than 1 million MDMA pills and 168 kilograms of MDMA powder.

On July 7, 2009, CBP Officers at the Peace Arch Port of Entry in Blaine, WA seized 80.64 kilograms of cocaine and 27.59 kilograms of heroin concealed in a passenger vehicle during an outbound inspection.

In July 2009, in a joint operation in the GTA, CBSA, RCMP, Toronto Police, and Peel Regional Police seized 117 kilograms of heroin, with an estimated street value of \$100-million, and more than \$600,000 in cash, making it one of the largest heroin seizures in Canadian history.

The overall trend for 2009 law enforcement efforts continued previous trends of joint drug enforcement efforts against steady but diverse distribution patterns of traffickers. However, lack of information-sharing among Canadian law enforcement agencies has hampered some counternarcotics enforcement efforts. An RCMP report in 2008 revealed that more 60 employees at Canada's 8 largest airports had criminal links. On March 31, Transport Minister John Baird ordered his department to fix persistent gaps in airport employee screening after Canada's Auditor General also found that "high-risk" criminals were still able to obtain security clearances at Canadian airports due to the failure of Transport Canada and the RCMP to share data. On April 8, the two agencies signed a new information-sharing agreement to conduct expanded criminal background checks for workers with access to secure areas at Canada's airports.

Canadian officials report unofficially that most of the Ecstasy laboratories dismantled in Canada in 2009 were capable of producing multi-kilogram quantities. During 2008, the RCMP dismantled approximately 15 Ecstasy laboratories, all of which were capable of producing multi-kilogram quantities, as well as 17 methamphetamine labs, 13 of which had a multi-kilogram capability.

1C. Corruption. Canada has strong anti-corruption controls in place and holds its officials and law enforcement personnel to a high standard of conduct. Civil servants found to be engaged in malfeasance of any kind are subject to prosecution. Investigations into accusations of wrongdoing and corruption by civil servants are thorough and credible. No senior government officials are known to engage in, encourage, or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. As a matter of government policy, Canada neither encourages nor facilitates illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

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1D. Agreements and Treaties. Canada is party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by the 1972 Protocol. Canada is a party to the UN Convention against Corruption and to the UN Convention Against Transnational Organized Crime and its protocols against migrant smuggling and trafficking in persons. Canada is also a party to: the Inter-American Convention on Mutual Legal Assistance in Criminal Matters; the Inter-American Convention against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials; and, the Inter-American Convention Against Corruption. Canada actively cooperates with international partners. The U.S. and Canada exchange forfeited assets through a bilateral asset-sharing agreement, and exchange information to prevent, investigate, and prosecute any offense against U.S. or Canadian customs laws through a Customs Mutual Assistance Agreement. Canada has in force 50 bilateral mutual legal assistance treaties and 66 extradition treaties. Judicial assistance and extradition matters between the U.S. and Canada operate under a mutual legal assistance treaty (MLAT), an extradition treaty, and related protocols, including the long-standing Memorandum of Understanding designating DEA and RCMP as points of contact for U.S.-Canada drug-related matters.

1E. Cultivation/Production. Criminal groups composed of Canadians of East Asian origin (primarily ethnic Vietnamese and Chinese), outlaw motorcycle gangs, and Indo-Canadian criminal groups, are the most significant illicit drug producers and traffickers in Canada. Overall, Canada supplies a small proportion of the marijuana consumed in the U.S., however, large-scale marijuana cultivation exists in Canada. Legal sanctions for growers are less severe than in the United States, and it remains a significant domestic concern in Canada. Organized crime organizations use

technologically-advanced organic growing methods. Large-scale marijuana grow operations are primarily located in British Columbia, Ontario, and Quebec provinces. According to the Ontario Association of Chiefs of Police, 85 percent of marijuana growing operations in Ontario are linked to organized crime. Marijuana traffickers rely on profits from marijuana distribution to expand their involvement into other profitable illicit drug activities, such as expanding Ecstasy and methamphetamine production.

Organized crime dominates the methamphetamine trade. Criminal groups composed of Canadians of East Asian origin operate large-scale methamphetamine labs that are capable of producing at least 10 pounds of methamphetamine per cycle throughout the country. According to the 2009 Annual Report on Organized Crime prepared by Criminal Intelligence Service Canada (CISC), organized crime groups in Canada conduct large-scale ecstasy production and distribution operations to supply the domestic market, and Canada remains one of the top producers of ecstasy to the global illicit drug market. Precursor chemicals for the production of ecstasy are smuggled into Canada from source countries such as China and India on a regular basis.

Increased smuggling from Canada to the United States included both Ecstasy and combination tablets containing methamphetamine and other synthetic drugs. In 2008-2009, Canadian authorities' seizures of clandestine labs capable of producing large amounts of combination tablets remained at approximately the same level as in the previous reporting period in 2007-2008.

1F. Drug Flow/Transit. The CISC's 2009 Annual Report on Organized Crime in Canada estimated approximately 750 organized crime groups in the country, of which most are involved in the illegal drug trade in some capacity. Rising methamphetamine production in Canada could lead to increased distribution in the U.S., particularly by polydrug traffickers, such as many Asian criminal groups and outlaw motorcycle gangs, using established Ecstasy or marijuana distribution networks.

1G. Domestic Programs/Demand Reduction. Local and provincial authorities maintain a number of so-called "harm-reduction" programs. In 2003, the federal Department of Health (Health Canada) granted Vancouver "Coastal Health" a three-year exemption from the Canadian Controlled Drugs and Substances Act to establish North America's first supervised injection site research pilot project ("Insite"). British Columbia provincial judicial authorities are resisting federal government efforts to close Insite. In May 2008, the British Columbia provincial Supreme Court ruled that the federal government does not have the constitutional authority to close Insite, which the Court considered a health facility and within provincial jurisdiction. The British Columbia provincial Court of Appeal heard the government's appeal in April 2009, but as of November, the Court is still deliberating on its judgment. Several cities, including Toronto and Ottawa, have also approved programs to distribute drug paraphernalia, including crack pipes, to chronic users.

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The UN International Narcotics Control Board's (INCB) 2007 Report noted that the Vancouver Island Health Authority's approval of "safer crack kits," including the mouthpiece and screen components of pipes for smoking "crack," contravened Article 13 of the 1988 UN Drug Convention, to which Canada is a party. The INCB called upon the Government of Canada to eliminate drug injection sites and drug paraphernalia distribution programs, stating that they violated international drug control treaties. While Health Canada provides funding for drug treatment services, other programs such as delivery of demand reduction, education, treatment, and rehabilitation are primarily the responsibility of the provincial and territorial governments.

Canada's Anti-Drug Strategy includes a national awareness campaign targeted at youth and their parents, with a strong message discouraging drug use. Additional funding provides for modernized and new treatment services as well as improving their availability and effectiveness, more money for the provinces and territories to expand treatment programs for addicted youth, and funding for a

National Youth Intervention Program to enable police to enroll young drug users more quickly into assessment and treatment programs instead of detention.

#### 14. (U) U.S. Policy Initiatives and Programs

1A. Bilateral Cooperation. The U.S. and Canada have continued information sharing and binational cooperation through the Cross-Border Crime Forum (CBCF), Integrated Border Enforcement Teams (IBET), Border Enforcement Security Teams (BEST), and other fora. At the CBCF's Spring Ministerial in March 2008, U.S. and Canadian officials jointly released the 2007 U.S.-Canada Border Drug Threat Assessment as a snapshot of cross-border narcotics issues and trends. The CBCF is scheduled to do its next update for release in 2011. The inter-agency forum also addressed counterterrorism, mass marketing fraud, human trafficking, organized crime, border enforcement, drug trafficking, and firearms smuggling - a particular concern for Canada. Provincial, state, and local governments also participate in the CBCF, as do police at the federal, state/provincial, and local/municipal levels. CBCF working groups met throughout the year to develop joint strategies and initiatives and collaborative law enforcement operations that were highlighted during the Ministerial meeting. Canada also regularly attends the annual National Methamphetamine Chemical Initiative (NMCI) meeting in the U.S.

In September, DEA conducted a five-day seminar in Montreal on asset forfeiture and money laundering for 40 members from various law enforcement agencies. In spring 2009, DEA Vancouver and El Paso Intelligence Center personnel offered training at a Canadian law enforcement pipeline school to more than 400 Canadian officers. Canada has also participated in supporting naval interdiction efforts as part of Joint Interagency Task Force South, including during 2009. DEA, CBP, ICE, CBSA, RCMP, and U.S. state, local, and tribal and Canadian provincial officers consult regularly and maintain channels of communication in the field and at management level to ensure a high level of cooperation and effectiveness.

On September 30, the Canadian government tabled in the House of Commons the Framework Agreement on Integrated Cross-Border Maritime Law Enforcement Operations ["Shiprider"] between the Canada and the U.S. The two countries signed the framework agreement in Detroit, Michigan, on May 26, 2009. Once Canada passes implementing legislation, the agreement will allow the exchange of shipriders and seamless maritime law enforcement operations across the U.S.-Canadian maritime border. The program will facilitate more effective maritime counter-smuggling efforts by designating officers from each country to operate from one another's vessels or aircraft.

1B. The Road Ahead. The U.S. and Canada will continue to cooperate in joint operations combating U.S.-Canada drug trafficking. The CBCF will continue to serve as a forum for senior law enforcement, justice, and homeland security officials to enhance and encourage intelligence sharing, investigative collaboration, and joint training opportunities. CBCF working groups will meet throughout the year to develop joint strategies and initiatives including threat assessments and collaborative operations.

Canada's continued role as a source country for Ecstasy to U.S. markets highlights the need for greater cooperation in tracking precursor chemical activity. The U.S. urges Canada to take stronger action to curb the rise of methamphetamine production. The upsurge in Canadian methamphetamine production has raised the prospect of increased smuggling from Canada to international markets. Both Canada and the U.S. will seek improvements in their enforcement capacity and regulatory frameworks to promote industry compliance and avoid diversion of precursor chemicals and lab equipment for

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criminal use. A more effective and expansive inspection regime, in conjunction with expedited investigations and prosecutions, would also strengthen enforcement efforts. The government of Prime Minister Stephen Harper has reiterated its commitment to increased penalties for illicit drug production and trafficking, but not for drug use.



Canada, or, as appropriate, municipalities such as Vancouver and Ottawa, should implement the INCB's recommendations to eliminate drug injection sites and drug paraphernalia distribution programs because they violate international drug control treaties. The U.S. and Canada will continue to work together to make operational the Integrated Marine Security Operations program. The U.S. will continue to seek reciprocal agreement for U.S. federal maritime law enforcement officers to carry their weapons while transiting through Canadian waters.

The U.S. and Canada share common objectives of reducing the supply and consumption of illicit drugs and the serious consequences that they pose to our communities, particularly vulnerable youth. The U.S. and Canada plan to renew the joint U.S.-Canada border drug threat assessment, which the two governments update every three years, and to continue to strengthen bilateral cooperation in a wide range of working groups and forums.

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